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DEPARTMENT OF STATE

IS/FPC/CDR **TRB** Date: 12/5/96

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DRAFTED BY S/S:LPBREMER

APPROVED: S/S:LPBREMER

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FOLLOWING REPEAT OF SECTO 4065 DTD 6/16/81 REPEATED
TO YOU:

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SECRET SECTO 04065

NODIS

DEPT PLEASE PASS WHITE HOUSE

E.O. 12065: XGDS-1, 6/15/11 (HOLDRIDGE, JOHN H.)

TAGS: OVIP (HAIG, ALEXANDER M.), CH

SUBJECT: END OF SECOND DAY REPORT - BEIJING

1. (SECRET ENTIRE TEXT)

2. FOLLOWING IS A REPORT FROM SECRETARY HAIG TO THE
PRESIDENT.

3. OUR SECOND FULL DAY IN BEIJING BEGAN WITH DIFFICULTIES
BUT IN THE END WAS MOST PROFITABLE, BOTH SUBSTANTIVELY AND
IN THE EXTENT OF DISCUSSIONS THE DELEGATION WAS ABLE TO
CONCLUDE. OUR TALKS INCLUDED THOSE WITH FOREIGN MINISTER
HUANG HUA, VICE PREMIER BO YIBO, AND DEFENSE MINISTER
GENG BIAO. IN ADDITION, DICK WALTERS CONTINUED OUR
EXCHANGES WITH THE PRC DEFENSE

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OFFICIALS, AND SEVERAL STATE AND DOD OFFICIALS IN THE

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DELEGATION ENGAGED IN SIDE TALKS WITH COUNTERPARTS ON MILITARY/POLITICAL ISSUES.

4. THIS CABLE WILL COVER MY CONVERSATION WITH HUANG HUA ONLY, SINCE IT WAS A CRITICAL ELEMENT IN MY VISIT AS IT HAS DEVELOPED SO FAR. WE ADDRESSED U.S.-PRC BILATERAL RELATIONS, PRINCIPALLY IN THE CONTEXT OF THE TAIWAN ISSUE, AND THE FACT THAT THE SESSION EXTENDED FROM THE ORIGINALLY SCHEDULED TWO HOURS TO NEARLY TWICE THAT INDICATES THE IMPORTANCE OF THE DISCUSSIONS. MY OTHER DISCUSSIONS ARE BEING REPORTED SEPARATELY.

5. AT HUANG'S INVITATION, I OPENED WITH A PRESENTATION OF YOUR ADMINISTRATION'S INTENTION TO TREAT THE PRC AS A FRIENDLY NATION WITH WHICH THE U.S. IS NOT ALLIED BUT SHARES MANY COMMON INTERESTS. I STATED THE ADMINISTRATION'S INTENTION TO INTRODUCE LEGISLATION AMENDING U.S. LAWS WHICH LUMP THE PRC WITH THE SOVIET BLOC, OUTLINED NEW CHANGES IN EXPORT CONTROL PROCEDURES TO INCREASE TECHNOLOGY TRANSFER TO CHINA, AND EXPRESSED YOUR INTENTIONS WITH REGARD TO REMOVING CHINA FROM THE MUNITIONS CONTROL LIST, BOTH ON A CASE-BY-CASE BASIS. I SUGGESTED THAT THEY SEND SOMEONE SUCH AS VICE CHIEF OF GENERAL STAFF LIU HUAQING TO THE U.S. LATER THIS SUMMER TO DISCUSS WHAT ITEMS MIGHT BE OF INTEREST TO THEM.

6. HUANG RESPONDED IMMEDIATELY!

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8. I OPENED MY RESPONSE BY REITERATING YOUR ASSURANCES

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THAT U.S. RELATIONS WITH THE PEOPLE OF TAIWAN WILL REMAIN UNOFFICIAL, EVEN AS WE MAKE EFFORTS TO CORRECT PAST INDIGNITIES IMPOSED ON TAIWAN FOLLOWING NORMALIZATION. I POINTED OUT THAT THE U.S. SIDE RECOGNIZED THAT CHINA OPPOSED ANY SALES TO TAIWAN AT THE TIME OF NORMALIZATION BUT AGREED TO PROCEED NEVERTHELESS. WE IN TURN APPRECIATED CHINA'S NEED TO DO SO BUT HAD OUR REQUIREMENTS AS WELL. I SAID THAT U.S. ARMS SALES TO TAIWAN WOULD GO FORWARD, BUT THAT NO DECISION ON AIRCRAFT WOULD BE TAKEN BEFORE THE END OF THIS YEAR, WHILE PROVISION OF SOME AIRCRAFT WOULD BE NECESSARY BEFORE THE END OF 1982, TO REPLACE AIRCRAFT AS THEY WEAR OUT.

9. REGARDING THE TRA, I STRESSED THAT IT PASSED THE CONGRESS WITH STRONG, BIPARTISAN SUPPORT INCLUDING THE BACKING OF SOME OF NORMALIZATION'S MOST STAUNCH

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SUPPORTERS, AND IS THE LAW OF OUR LAND. I ADDED, HOWEVER, THAT WE WILL IMPLEMENT IT IN A WAY FULLY CONSISTENT WITH THE JOINT NORMALIZATION COMMUNIQUE. I ALSO REVIEWED THE HISTORY OF OUR DIFFERENCES OVER TAIWAN, NOTING THAT WE HAVE COME A LONG WAY IN LESS THAN A DECADE. I SAID THAT WE VIEW TAIWAN AS A SMALLER WHEEL WITHIN A LARGER WHEEL, THE LARGER BEING THE OVERALL STRATEGIC IMPERATIVE WHICH HAS ALWAYS DRIVEN OUR RELATIONSHIP. IT WAS IMPORTANT NOT TO LET THE SMALLER WHEEL THROW THE LARGER WHEEL OFF TRACK.

10. I WILL LEARN MORE TOMORROW WHEN I SEE DENG JUST HOW FAR THE CHINESE ARE PREPARED TO PUSH THIS TOUGH
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LINE. I WAS PLEASED, HOWEVER, WITH THE OUTCOME OF THIS MEETING, GIVEN THE COMPLEXITY AND SENSITIVITY OF THE ISSUES. WE TOOK A BREAK AT THE END OF THE TAIWAN DISCUSSION AND THEN CAME BACK FOR ANOTHER HOUR AND ONE-HALF OF TALKS ON HOW WE CAN COORDINATE OUR POLICIES MORE CLOSELY IN AFGHANISTAN AND SOUTHEAST ASIA. AT THE END WE BOTH AGREED THAT IT HAD BEEN AN IMPORTANT AND VALUABLE CONVERSATION. WE ASKED IF THERE WOULD BE ANY OBJECTION TO OUR DISCUSSING THE MEETING PUBLICLY

HAIG UNQTE STOESSEL

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